

Smart Habits

for Student Retention & Default Prevention



MOSTARS developed default prevention and debt management initiatives to establish statewide goals and objectives for default prevention and to implement projects that will inform students and parents of the consequences of default.

The projects' goals include increasing students' awareness of financing options for higher education and the responsibilities and consequences of student loan borrowing as well as reducing student loan and consumer debt among postsecondary students.



Default Prevention and Debt Management

Do The
Smart
Thing

Admissions Office

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Admissions Office

do the
smart thing:
INFORM

- **EVALUATE** admission standards in comparison to student retention rates to measure the effectiveness of your standards.
- **REVISE** admission standards, as necessary.
- **NETWORK** with other institutional offices to review data on the specific reasons students give for withdrawing from the institution.
- **UTILIZE** MOSTARS' early awareness literature, the *Need Money for College? Missouri Grants, Scholarships, Loans, and More* brochure, and other grant and scholarship materials during your recruiting campaigns.
- **INCLUDE** information about the cost of attendance (including tuition, fees, books, room and board, transportation, personal expenses, etc.) in admissions literature.
- **SUPPLEMENT** recruiting and marketing literature with budgeting and debt management literature. Smart habits should start early!
- **PREPARE** students and families for college costs by emphasizing the U.S. Department of Education's philosophy of financial aid: "Paying for higher education expenses is primarily the responsibility of the student, the student's spouse, and the student's parent(s)."
- **ENCOURAGE** parents and relatives of prospective students to invest and save for college during early (e.g., high school freshmen) recruiting campaigns. Some programs, like the Missouri Saving for Tuition (MO\$T) Program, offer tax breaks to help families and students meet the cost of a college education. Call (888) 414-MOST for information about the MO\$T Program.
- **SEEK** MOSTARS' and the student loan lending community's support in college awareness activities for prospective students. Gathering information about financial aid and saving for college increase the odds of a successful postsecondary education.

Business Office

do the smart thing:
COMMUNICATE

- **EVALUATE** billing and tuition policies to ensure that admitted students have the ability to make payments in conjunction with federal and state student financial aid.
- **CONSIDER** allowing students to pay charges that are not reimbursed by federal or state aid in installments.
- **ATTACH** MOSTARS' *Before You Sign, Think!* cards to student loan checks to remind students of the responsibilities of borrowing.
- **DISTRIBUTE** MOSTARS' loan repayment information (e.g., *The Smart Approach to Student Loans* brochure) when delivering student loan proceeds to borrowers.
- **WORK** with the Financial Aid Office to facilitate students' acknowledgement of receipt of loan funds.
- **PROVIDE** a debt statement to students when delivering loan proceeds (incorporate payments owed to the school and to student loan holders as communicated by the Financial Aid Office).
- **MODIFY** policies on the sale of student information to credit card companies to help prevent students from accumulating credit card debt. Students with high credit card debt may be more likely to have problems repaying their student loans.

Advising Staff

- **GIVE** good, sound advice to students who are considering a challenging program or course load. Don't overestimate a student's ability to complete a program of study or a heavy course load.
- **ENSURE** that students are taking the required courses at the right time so that they can complete their programs of study in the prescribed time.
- **COMMUNICATE** with the Financial Aid Office if students are having academic problems or are considering withdrawing.

do the
smart thing:
RECOMMEND

Instructional/ Program Development Staff

- **OFFER** courses needed to complete programs at the right times. Too often, required courses are not available to students due to scheduling conflicts.
- **THINK** about the consequences of changing program curricula and graduation requirements when students are enrolled in a program. Consider "grandfathering" these students for graduation.
- **PUBLICIZE** changes in program requirements to all areas of campus, including the Financial Aid Office, Admissions Office, and Student Retention/Student Services Office.
- **ADD** personal finance classes to the curriculum. Consider requiring graduates to complete the course successfully. Distribute *MOSTARS' Credit Card Tips* during the course.

do the
smart thing:
EVALUATE

Job Placement Office

- **ESTABLISH** an office or position to help students find employment.
- **OFFER** job placement services to current, graduating, and former students.
- **CONTACT** state employment offices for information about career, employment, and training opportunities. Make this information available for graduating and former students.
- **NETWORK** with the One-Stop Career Centers, a growing network that provides labor market information, employment and educational services, and financial aid and employment incentives. (www.works.state.mo.us/wfd)
- **CREATE** professional internships within the local business community, including federal and state agencies. Consider offering reduced tuition rates for employees of participating businesses.
- **KEEP INFORMED** of local and national employment trends. Monitor federal and state occupational reports. Attend local Chamber of Commerce meetings.
- **UTILIZE** free publications from the U.S. Department of Labor.
 - **The Job Seeker** – provides information on work skills, career selection, and job-seeking skills
 - **Tomorrow's Jobs, Tomorrow's Workers** – regional publications describing the local labor market and providing a list of growing occupations
 - **Your Winning Edge** – includes tips on how to prepare a résumé and samples of résumés
 - **Suggestions for Career Explorations and Job Seeking** – tells where to get help locating a job and how to conduct a job search
 - **How to Prepare Yourself for Job Interviews** – provides tips for a successful interview

do the
smart thing:
ASSIST

Student Retention/ Student Services Office

do the
smart thing:
SUPPORT

- **ESTABLISH** an office or position to improve student retention by facilitating coordination between the Financial Aid Office, the Admissions Office, the Registrar's Office, the Business Office, and the Placement Office.
- **DESIGNATE** an employee to be directly responsible for monitoring student retention.
- **DEVELOP** and formalize a student services referral network.
- **EMPHASIZE** tracking first-year and at-risk students.
- **MONITOR** defaulted borrower characteristics.
- **ADVOCATE** retention-related programs for students, such as providing help for financial and academic difficulties.
- **RECRUIT** professionals from the local business community to act as mentors and role models for interested students.
- **OFFER** electronic mail capability for all students, and use Internet access to communicate financial aid-related information and available student support services.
- **INTERACT** with U.S. Department of Veterans Affairs offices and Missouri Veterans Commission offices for students who are veterans in need of support services.
- **BUILD** a sense of community by coordinating and encouraging student participation in school-sponsored activities (e.g., sponsor events at local libraries and bookstores and arrange on-site movies and intramural sporting events).

- **DEVELOP** an exit questionnaire for students who withdraw from your institution. Research factors contributing to student withdrawal and share them with the Financial Aid Office and Admissions Office. Revise admission standards and academic and other support services, as necessary.
- **ESTABLISH** a procedure involving the Registrar's Office, Business Office, Financial Aid Office, and Student Retention Office whereby notification is provided when students encounter attendance-related problems.
- **SEEK** assistance from the Placement Office to help students who are experiencing monetary problems find appropriate full- or part-time employment.
- **OBTAIN** input from state or local occupational and educational centers on information provided by former students about their inability to complete postsecondary education. Share observations with the Financial Aid Office and Admissions Office. Revise admission standards and academic or other support services, as necessary.
- **INFORM** students about child care centers in the community.
- **NETWORK** with experts in the field of debt management (e.g., budget and consumer credit counselors) and collections (e.g., lenders, servicers, secondary markets, and MOSTARS) to assist students with debt- and collection-related problems.
- **SUPPLY** brochures on transfer procedures if students withdraw to attend another institution.

Financial Aid Office

GENERAL

do the
smart thing:
COUNSEL

- **MONITOR** your institution's admission standards, in conjunction with the Admissions Office, to ensure that admitted students have the ability to complete their educational programs. Encourage your institution to revise the admission standards, as necessary.
- **PROVIDE** opportunities for staff to attend training opportunities (e.g., U.S. Department of Education Title IV Workshops, National Association of Student Financial Aid Administrators conferences, and MOSTARS and Missouri Association of Student Financial Aid Personnel training workshops).
- **FAMILIARIZE** yourself with MOSTARS, especially the regional client service representatives and compliance reviewers who are dedicated to assist you.
- **REQUEST** MOSTARS' default prevention training, which can be customized for your institution.
- **VISIT** the lenders and servicers that originate and service loans for your institution.
- **SUPPORT** the establishment of a Job Placement Office and a Student Retention/Student Services Office.
- **ESTABLISH** formal contacts within the lending/loan servicing community, which may assist your institution in addressing student borrower complaints.
- **DESIGNATE** a liaison to help lenders and secondary markets locate borrowers whose addresses are unknown.
- **PROMOTE** grants, part-time employment, and scholarships.
- **ENCOURAGE** students to use MOSTARS' toll-free telephone number or web site for loan processing and loan servicing inquiries.
- **ATTACH** MOSTARS' *Before You Sign, Think!* cards to award letters, loan applications, promissory notes, and student loan checks to remind students of the responsibilities of borrowing.

- **ASK** MOSTARS' default prevention staff to meet one-on-one with your at-risk students and help them complete a budget or determine alternative sources of financial assistance.
- **CALL** the MOSTARS Information Center, which is dedicated to assisting you: (800) 473-6757 or (573) 751-3940, 8 a.m. to 5 p.m. Monday through Friday, except state holidays.
- **JOIN** a financial aid focus group or committee (e.g., Missouri Association of Student Financial Aid Personnel or Financial Aid Noon Group) to stay abreast of technological advances and other administrative procedures that may assist with your default prevention initiatives.
- **TARGET** potential defaulters and consider awarding them gift aid instead of loans. Promote scholarships and conservative borrowing.
- **EDUCATE** front-counter staff and advisors about default prevention measures.
- **COOPERATE** with other administrative offices to ensure timely completion of deferment requests, enrollment histories, and skip-tracing requests.
- **CALL** borrowers in the third month of their grace period to remind them that their first payment will be due soon. Obtain their new address if they have moved. Suggest that they prepare a budget (including their loan payment) online at www.mapping-your-future.org.
- **CONTACT** delinquent borrowers and remind them of their obligation to repay their loan debt. Inform the borrowers of their alternatives (e.g., deferment, forbearance, alternative repayment plans, and consolidation). Remind them of the consequences of default (e.g., federal Treasury offset, wage garnishment, collection costs, and credit reports).
- **SEND** congratulatory letters to borrowers who had been delinquent but are now repaying their student loans.
- **EDUCATE** parents about student loan issues. Though you cannot inform them of the student's debt, you can tell them about student loan programs, typical payments required, and the consequences of default.

ENTRANCE AND EXIT COUNSELING

- **ENCOURAGE** student borrowers to make interest payments on unsubsidized loans during in-school, grace, and deferment periods and on all loans during forbearance periods.
- **CONSIDER** using a checklist or post-counseling questionnaire to test the student's knowledge of the information reviewed during the counseling session. (MOSTARS offers both a checklist and a questionnaire in its free counseling materials.)
- **ENSURE** that trained staff are available either during or after the counseling session to address any questions. Trained staff should be familiar with repayment, deferment, and forbearance procedures.
- **REQUIRE** student borrowers to sign a Statement of Understanding after the counseling session.
- **OFFER** one-on-one counseling to interested or at-risk students.
- **SUPPLEMENT** counseling materials with program information and brochures developed by the lending and servicing community and MOSTARS.
- **ESTABLISH** a liaison that current and former student borrowers can contact with questions or problems about their loan repayment obligations.
- **ASSIST** current and former student borrowers with resolving repayment-related complaints.
- **ENCOURAGE** student borrowers to contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 for servicer-related issues.
- **PROVIDE** MOSTARS' *Be Smart* folders for student borrowers to store their loan and loan counseling materials.
- **DELIVER** MOSTARS' *Credit Card Tips* to students. Work with student organizations and the campus bookstore to distribute copies to a wider audience.

- **INFORM** student borrowers that certain lenders and servicers provide repayment incentives (e.g., reduced interest rates) for borrowers who make timely payments.
- **OFFER** additional counseling to borrowers with high debt loads and to delinquent borrowers.

ENTRANCE COUNSELING

- **VERIFY** that your entrance counseling procedures follow regulatory guidelines. Contact MOSTARS' compliance reviewers for technical assistance.
- **ENSURE** that entrance counseling emphasizes the importance of budgeting for school and locating alternatives to loans as well as the seriousness of the student borrower's repayment obligation and the consequences of default.
- **SUPPLEMENT** electronic entrance counseling with MOSTARS' entrance counseling booklet, *The Road to Your Future*, and MOSTARS' *Be Smart* folder.
- **REQUIRE** entrance counseling for all new borrowers (including transfer students) at your institution.
- **DISTRIBUTE** MOSTARS' *Credit Card Tips* during entrance counseling.

EXIT COUNSELING

- **VERIFY** that your exit counseling procedures follow regulatory guidelines. Contact MOSTARS' compliance reviewers for technical assistance.
- **ENSURE** that exit counseling emphasizes the seriousness of the borrower's repayment obligation and the consequences of default. Provide specific examples.
- **SUPPLY** student borrowers with MOSTARS' *Change of Status* cards, which can be used to notify the institution and loan holder of a change in name or address.
- **COLLECT** additional (not required by regulations) borrower and reference information that could assist you (or the loan holder) in locating the borrower in the future.

- **CONFIRM** that exit counseling sessions are flexible and remain available to non-traditional (e.g., part-time, evening/weekend) students.
- **INFORM** student borrowers that their loans may be sold to, or serviced by, another lender or secondary market in the future. Emphasize that any delay in notification does not affect the borrower's legal obligation to repay the debt.
- **REQUEST** assistance from experts in the field of debt management (e.g., budget and consumer credit counselors) and collections (e.g., lenders, servicers, secondary markets, and MOSTARS).
- **FAMILIARIZE** students with the services provided by not-for-profit budget and credit counselors.
- **FOLLOW UP** exit counseling by contacting student borrowers during their grace periods. Remind the borrower that the first payment will be due soon. Advise the borrower to contact the loan holder if repayment information is not received.
- **SEND** default prevention letters. Request that the post office forward all letters with "Address Correction Requested." Provide loan holders any updated borrower contact information.

Notes

For more information about student assistance, default prevention, and debt management, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. www.cbhe.state.mo.us



The student assistance division of the Missouri Department of Higher Education
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The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired citizens can call (800) 735-2966.

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